

Office to Residential Conversions:

1. **Post-COVID-19 Office Vacancy:** The Canadian commercial real estate market has experienced a significant slowdown in the return to in-office work, resulting in high office vacancy rates, which peaked at 17.6% in 2023. As a result, developers are increasingly considering converting vacant office spaces into residential apartments.
2. **Key Considerations:**
 - **Zoning and Permitting:** Developers must address the challenges of meeting residential zoning requirements, which can differ from commercial standards. A proactive approach to zoning studies can help minimize delays and additional costs.
 - **Fenestration and Floor Plate Efficiency:** Office buildings typically lack the natural light and layout efficiency required for residential use. The placement of windows (fenestration) and the efficiency of floor plans are critical to the success of a conversion.
 - **Government Incentives:** Financial incentives and fast-tracked approvals from local governments, such as in Calgary, Edmonton, and Toronto, can make conversions more financially viable. These incentives aim to address housing shortages and revitalize urban centers.
3. **Conversion Challenges:**
 - **Building Requirements:** Converting office spaces to residential use requires significant modifications to meet residential standards, including improved natural light, fire safety, sound insulation, and upgraded plumbing and electrical systems.
 - **Sustainability Benefits:** Utilizing existing office infrastructure for conversions reduces demolition waste and conserves resources, aligning with sustainability goals.
4. **Government Support:** Municipalities are increasingly offering incentives for office-to-residential conversions to address housing shortages and boost urban regeneration. Examples include Calgary's \$75 per square foot incentive and Toronto's initiatives supported by the Canadian Mortgage and Housing Corporation (CMHC).

Conclusions:

- **Feasibility and Opportunity:** Office-to-residential conversions present a unique opportunity to address housing shortages and promote urban revitalization, especially in areas with high office vacancies.
- **Challenges and Solutions:** While there are challenges related to building layouts and meeting residential standards, strategic planning and leveraging available government incentives can make conversions financially viable.
- **Long-Term Impact:** These conversions not only contribute to meeting housing demands but also support sustainability and the rejuvenation of urban areas, making them a crucial tool in solving Montreal's housing crisis.
- **Reality for Montreal:** A recent analysis by global commercial real estate advisor Avison Young found that close to half of older office buildings in downtown Montreal could offer housing potential through what the firm calls "adaptive reuse." To be considered, the properties had to have been built before 1990 and to be relatively small — with floor sizes of less than 15,000 square feet — because bigger structures typically make it difficult for natural light to reach into the core of a building
 - **In Montreal alone,** 611 downtown properties could be candidates for conversion, Avison Young found. The number represents 47 per cent of the 1,289 buildings that the firm analyzed.
- **NCS insight:** NCS is currently investigating a highbrid mixed use of office and residential that would be advantageous. Many office buildings have vacancies of 17.6% or more which could represent a few floors of a building, with a potential for reversibility or a gradual conversion phased to follow market trends.

Thanks to her experience and multiple interventions on pre-war and mid-century buildings, Mrs. Smith is eminently qualified to evaluate the potential of your project, because she understands:

1. The construction systems, strengths, weaknesses and particular opportunities of these aging buildings.
2. Part 10 of the building code, which regulates existing buildings over 5 years old and permits some equivalences.
3. How and where to obtain subsidies and available financial assistance.

In summary, office-to-residential conversions offer a practical solution for developers, governments, community housing organisations and citizens to address multiple urban

challenges, with the support of government incentives and careful attention to building design and regulatory requirements this is a win-win opportunity.